

How to Use the IT Staff Augmentation Lower Overhead Contracts

COMMBUYS Contract/Blanket Descriptions:

ITS53StaffAugCat2a (vendor hires resource)

ITS53StaffAugCat2b (vendor subcontracts with resource employer)

Contract Duration: 07/01/2013 to 06/30/2016

MMARS #: ITS53StaffAugCat2a* and ITS53StaffAugCat2b*

Options to renew: No options available

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Contract Summary

These Contracts are for temporary IT staff (“Resources”) where the Commonwealth Agency has located and recruited the Resource they wish to retain. Category 2a is used when the Resource (i.e, the person providing services) has no employer. The Category 2a vendor will hire the Resource as their employee. Category 2b is used when the Resource already has an employer. In that case, the Category 2b vendor will subcontract with the Resource’s employer. All Resources retained under this contract must have an employer.

If your Agency has not located a Resource, use ITS53StaffAugCat1, the “full service” Contract. The Category1 vendors will review your Agency’s requirements for a Resource, and submit resumes for your review and selection.

Please see “[Locating Documents on COMMBUYS](#)” to find the documents referenced in this Guide.

Benefits and Cost Savings

- Less expensive because the Commonwealth Agency has done the work of locating and recruiting a Resource

Who Can Use This Contract?

Applicable Procurement Law: MGL c. 7, § 22; c. 30, § 51, § 52; 801 CMR 21.00

Eligible Entities:

01. Cities, towns, districts, counties and other political subdivisions
02. Executive, Legislative and Judicial Branches, including all Departments and elected offices therein;
03. Independent public authorities, commissions and quasi-public agencies
04. Local public libraries, public school districts and charter schools;
05. Public Hospitals, owned by the Commonwealth;
06. Public institutions of high education
07. Public purchasing cooperatives;

- 08. Non-profit, UFR-certified organizations that are doing business with the Commonwealth;
- 09. Other states and territories with no prior approval by the State Purchasing Agent required; and
- 10. Other entities when designated in writing by the State Purchasing Agent.

Pricing and Acquisition Methods

Services will be obtained on a time and materials basis only. Travel may be paid only with your prior written consent.

A “Rate Card,” updated periodically, determines the maximum rates that Commonwealth Agencies can pay for particular job titles. Rate Card 5 applies to Executive Department agencies. All other Commonwealth Agencies may use Rate Card 3.

If you cannot negotiate a rate within the Rate Card rates, you may ask Ellen Wright (ellen.wright@state.ma.us), the designee of the Commonwealth’s Chief Information Officer, for a variance from the Rate Card.

The “bill rate” (what your Agency pays the ITS53 Vendor) for Category 2a is equal to the Resource’s “pay rate” plus the ITS53 Vendor’s charges. For Category 2b, the bill rate is the rate paid to the Resource’s employer plus the ITS53 vendor’s charges (under Category 2b, you won’t necessarily know the Resource’s ultimate pay rate, because the ITS53 vendor is subcontracting with the Resource’s employer).

The usual practice is to negotiate a rate with the Resource and allow the Resource to choose the ITS53 Vendor they will work with, because the ITS53 Vendors’ practices differ (payment scheduling, insurance provisions, etc.). You can do this in one of two ways:

Negotiate a “pay rate” with the Resource

In this case, the bill rate to your Agency may be different depending on which ITS53 Vendor your Resource selects. Therefore you must be sure that if your Resource chooses the ITS53 vendor with the highest markup, the rate your Agency pays will be a) under the Rate Card maximum and b) within your budget. (Remember that for Category 2b, this is the pay rate to your Resource’s employer.)

Negotiate a “bill rate” with the Resource

This is the amount your Agency will pay regardless of which ITS53 vendor the Resource chooses. The Resource will have a higher pay rate if they choose the ITS53 vendor with the lowest markup.

Pay rate and bill rate calculations for Category 2a

Category 2a (ITS53 Vendor becomes the Resource's employer)

Note: McInnis and Webject have the same rate regardless of the length of the engagement. PeopleSERVE PRS rate for engagements of longer than 3 months is .5% lower than their rate for shorter engagements. If an engagement is forecasted to be 3 months or less but extends beyond three months, the lower rate will apply after three months.

Vendor	Markup (over pay rate)	Prompt Pay?
McInnis	13.8%	1% for payment in 10 days
PeopleSERVE PRS – 3 months or less	15.96%	No
PeopleSERVE PRS – over 3 months	15.46%	No
Ardent	17%	No

These rates are higher than for Category 2b because the “markup” includes all the Employer taxes and other charges that the ITS53 Vendor must pay, typically at least 11% and often higher.

To calculate Resource's Pay Rate based on the Bill Rate:

$$\text{Pay Rate} = \text{Bill Rate} / (1 + \text{Markup})$$

To calculate Bill Rate to your Agency based on the Resource's Pay Rate:

$$\text{Bill Rate} = \text{Pay Rate} * (1 + \text{Markup})$$

There is a spreadsheet on the “Forms & Terms” tab of COMMBUYS that does these calculations (see [Locating Documents on COMMBUYS](#)).

Pay rate and bill rate calculations for Category 2b

Category 2b (ITS53 Vendor subcontract's with the Resource's employer)

Vendor	Hourly Markup (over pay rate)	Prompt Pay?
McInnis	\$0.45	No
Webject	\$0.60	No
PeopleSERVE PRS	\$0.79	No

To calculate Pay Rate to Resource's employer based on the Bill Rate:

$$\text{Pay Rate} = \text{Bill Rate} - (\text{Markup} + (\text{Bill Rate} * .01))$$

To calculate Bill Rate to your Agency based on the Pay Rate to the Resource's employer:

$$\text{Bill Rate} = \text{Pay Rate} + \text{Markup} + ((\text{Pay Rate} + \text{Markup}) * .01)$$

There is a spreadsheet on the “Attachments” or Summary tab of COMMBUYS that does these calculations (see [Locating Documents on COMMBUYS](#)).

How to Use this Contract

There are four steps for obtaining IT Resources under this Contract:

1. Recruit candidate and negotiate rate (see above to negotiate a [bill rate](#) or [pay rate](#)).
2. Give your Resource contact information for the appropriate contract (2a if the Resource will be hired by the ITS53 vendor, 2b if the ITS53 vendor will subcontract with the Resource’s employer).
3. Sign an agreement with the ITS53 vendor. A Statement of Work (SOW) template is posted on COMMBUYS (see [Locating Documents on COMMBUYS](#)). You may use your own Agency’s agreement, but be sure to cover all elements of the SOW template.
4. Submit a requisition through COMMBUYS (See [Submitting a Requisition through COMMBUYS](#)).
5. “On-board” the Resource.

“On Board” the Resource

I-9 Form: You may request copies of the I-9 (Employment Eligibility Verification) form from the ITS53 Vendor prior to the Resource’s first day of work. If you do, review the area of the form on the right hand side of the page, about one third of the way down, beginning: “I attest, under penalty of perjury...” If the box for “An alien authorized to work...” is checked, be sure that the authorization is current based on the expiration date.

Resources with H1-B Visas: The Department of Labor requires (20 CFR 655.734) the filing of a labor condition application (LCA) and a posting of a notice of the LCA filing for Resources with H1-B visas. The requirement can be met by Commonwealth Agencies by posting a copy of the notice, which the ITS53 Vendor will supply, at the Resource’s work site, in two conspicuous locations, for a period of ten days.

Representations by Resources Form: This form, found on COMMBUYS (see [Locating Documents on COMMBUYS](#)), must be signed by all Resources on or before their first day of work.

ITS53 Employee Certification Form: The Resource must bring this form to work on his/her first day (if not submitted previously). The form must be kept in the procurement file. A copy of the form is posted on COMMBUYS (see [Locating Documents on COMMBUYS](#)).

The “Resource Employer” will be the same as the ITS53 Vendor for Category 2a, but will be a difference company for Category 2b. The answers to Questions 1, 2, 4, 5 and 7 must be “Yes.” If the answer to Question 3 is “No,” the form must indicate that the Vendor qualifies for an exemption, or a copy of a completed [HIRD](#) form (the Health Insurance Responsibility Disclosure form that employers must have on file if the employee has declined to participate in the employer’s sponsored health insurance plan or pre-tax purchasing program) must be attached. Re Question 6, if the Resource

Employer is a single member LLC, the LLC must be at least six months old as of the date the Resource reports for work, and the Resource must have provided services outside of a Statewide Staff Augmentation Contract.

During the Resource's Engagement

Request copies of W-2s for Resources working at your Agency, on or about May 1 of each year, and keep it in the procurement file.

Additional Caveats and Benefits

- Under Category 2a (ITS53 Vendor is Resource's employer), **you may offer the Resource a position with your Agency** as a regular employee or a "Contract Employee," at any time. However, you **may not** encourage the Resource to leave their ITS53 employer and go to work for another company, such as a different "Low Overhead" vendor or other third party.
- Under Category 2b (ITS53 Vendor subcontracts with the Resource's employer), **you may offer the Resource a position with your Agency** as a regular employee or a "Contract Employee" after they have been working continuously for your Agency for six months or more, provided that they are not here on an H1B visa. As above, you **may not** encourage the Resource to leave their ITS53 employer and go to work for another company.
- Vendors are **not obliged to conduct background checks** under the Lower Overhead contracts. If background checks are required, your Agency must conduct them.
- Under Category 2b, you have the right to request and receive a **copy of the subcontract**.
- **Do not** post a job on Monster.com or other job boards until you have given the ITS53 Full Service Vendors an opportunity to find a candidate for you. Above all, do not post the position elsewhere while it is posted for responses from the ITS53 vendors.

Additional Information

Continuing a Resource's Engagement after the end of ITS53

Before the end of the Contract (7/1/2016), you may extend the term of your Agreement for a Resource or group of Resources for up to three years from the date you sign the extension. After ITS53 ends, the end date of your Agreement cannot be extended further, and the bill rate cannot be increased. As always, you may end the engagement before the termination date of your Agreement. No new Agreements may be executed after ITS53 has expired.

Contract termination or suspension of a Vendor from new business under ITS53 does not automatically terminate any Agreements you have in place with that Vendor.

Locating Documents on COMMBUYS

The following documents are found on the Summary page of the Contract on COMMBUYS (also on the Attachment tab if you are logged in). To find a particular

document without logging in, select one of the links below and click on the download icon (disk drive with down arrow).

- [Rate Cards 3 and 5](#)
- [Representations by Resources](#)
- [ITS53 Employee Certification Form](#)
- [Rate calculation spreadsheet](#)
- [Agreement Template \(Statement of Work\)](#)
- [ITS53 RFR](#)

To locate the Contract on COMMBUYS without logging in:

1. Select COMMBUYS under OSD Programs at www.mass.gov/osd OR Enter <https://www.commbuys.com/bso/> in your browser
2. Select "Contract & Bid Search"
3. Select "Contracts/Blankets"
4. Enter "ITS53StaffAugCat2a" or "ITS53StaffAugCat2b" (no quotes) as the "Contract/Blanket Description" (NOT the "Contract/Blanket #")
5. Select the "Find it" button
6. Select the PO links next to any of the three vendors listed (the contract for each vendor includes all of the attachments). Do not select the record ending in "vcurrent".

Attachments are links in the "Agency Attachments" field of the "Header Information" section.

To locate the Contract on COMMBUYS if you are logged in:

1. Select the magnifying glass
2. Select "Module" = "Purchasing Module" and "Document Type" = "Contracts/Blankets"
3. If your screen has an entry for "Header major status" under the "Contract/Blanket Description" field, select "3PS – Sent"
4. Follow steps 4 through 6 above

This view of the contract allows you to look at the contract information in separate tabs. The "Attachments" tab includes a description of each attachment and how it is to be used.

Submitting a Requisition Through COMMBUYS

Access the Job Aid [How to Order from a Master Blanket Purchase Order](#)

The following directions customize this Job Aid for this Contract:

Logging in (Job Aid Step 1)

Select COMMBUYS under OSD Programs at www.mass.gov/osd OR Enter <https://www.commbuys.com/bso/> in your browser

General tab (Job Aid Step 4)

For "Requisition Type," select "Release"

If consistent with how your Department is handling the "Short description" field, please include ITS53StaffAugCat2 somewhere in the "Short description."

Items tab (Job Aid Step 5 and 6)

- Do not use the key word search – open the Advanced Search" function by clicking on the plus sign (+) by the Advanced Search Criteria title

- Enter “ITS53StaffAugCat2a” or “ITS53StaffAugCat2b” (no quotes) into the **Description** field and select **Find It**
- Select the Vendor
- Check the Position Title you will be using (note that Position Titles are listed for Rate Card 3 and Rate Card 5) and also listed in the **Item Description** column in COMMBUYS. Select the appropriate line item for your Position Title
- Enter **Quantity** (number of hours) and click **Add to Req & Exit**.
- Next enter the **Catalog/Unit Price Cost** (the hourly rate) by selecting the **Enter Info** link; you can now enter the negotiated rate.
- Select **Save & Exit**

Continue with Job Aid Step 7 and the remaining Steps.

Strategic Sourcing Services Team Members

Brian Boyd	Executive Office of Labor and Workforce Development
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MaryBeth Martinez	Information Technology Division
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Rose Romagna	Executive Office of Human Services

Vendors

Vendor	Contact	Telephone	eMail	Contracts
Ardent	Amanda Brown	937-312-1345 x 4	mabids@ardentinc.com	2a only
McInnis	Bob McInnis	781-659-4922	rm@mcinnisconsulting.com	2a and 2b
PeopleSERVE, PRS Inc. (PRS)	Linda Moraski	617-469-9779	lmoraski@peopleserveinc.com	2a and 2b
Webject Systems, Inc.	Dr. Madhu Rao or Raghunath Mogallapu	508-279-6562	raghu@webject.com; madhu@webject.com	2b only